

The Nebraska Department of Economic Development (NDED) thanks everyone who submitted comments in response to the draft guidelines for the Rural Workforce Housing Fund. Rural workforce housing is one of the top challenges facing community leaders as they work to expand skilled labor in order to meet the needs of Nebraska's growing businesses. NDED evaluated each comment and made changes to the guidelines that should help this program meet the needs of our housing development partners, communities and workforce.

NDED received public comments from 18 individuals/organizations on the Draft 2017 RWHF Application Guidelines. The comments, sorted by topic, are in *italics*. NDED responses follow the comments in **red**.

RWHF DRAFT APPLICATION GUIDELINES PUBLIC COMMENTS WITH NDED RESPONSES

ADMINISTRATION FEES

COMMENT #1: *"We support the use of matching funds to cover administrative fees. If non-profit development organizations are going to be encouraged to apply, they will need to receive administrative fees for their time, staff, and resources."* – Nebraska Housing Developers Association

COMMENT #2: *"Housing and General Administration costs are ineligible. Does this mean applicants will need to charge fees to those who apply to them in order to operate the fund?"* – NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT

COMMENT #3: *"I have not located a prohibition in LB 518 on using funds for administrative expenses of the NDO. If the program is successful—which PRDI is planning it to be—the workload on NDO staff will be increased substantially. The guidelines make administrative expenses an ineligible activity, but I would suggest allowing a small percentage of the fund (1%-2%) to be allowable as an administrative expense. Otherwise, I am concerned that organizations will have a difficult time carrying out the rather time-sensitive guidelines of the grant."* - Panhandle Regional Development, Inc. (PRDI)/Simmons Olsen Law Firm

COMMENT #4: *"Many potential applicants are concerned about administration fees being ineligible expenses for the state funds. Does DED consider them ineligible for the program or could they be payed from match? We would recommend they be made eligible expenses, but if this is not allowed then they should be eligible to be paid from match."* – Mesner Development Company

COMMENT #5: *"There needs to be some provision for non-profits to receive administrative fees for their staff."* – Holy Name Housing

COMMENT #6: *"Include administrative costs as an eligible use. As we discuss this fund with potential applicants it has repeatedly come forward that the idea of non-profit organizations taking on the administration of this fund without being compensated for that work is problematic. Particularly if the intent is that this establishes a revolving fund that will be in place for a long period of time, it seems reasonable that funds be used for administering fund."* – Columbus Area Chamber of Commerce

COMMENT #7: *"We believe investments should be made in projects that have the least amount of administration possible. This will allow the available human resources to be leveraged to the greatest amount possible."* – Columbus Area Chamber of Commerce

COMMENT #8: *"Can the match funds be used for Administration Costs?"* – NeighborWorks Northeast Nebraska

NDED RESPONSE to Administration Fees Comments #1 - #8 - Administration costs for the RWHF can be supported with local matching funds, fees, loan repayments, interest and other funds. These items should be included in the applicant's Fund Investment Plan.

COMMENT #9: *"Also, we don't see much of an incentive for organizations to apply for the funds since it appears there are no Administration or Managements Fees included in the award."* – NeighborWorks Northeast Nebraska

NDED RESPONSE to Administration Fees Comments #9 – The incentive to apply for funds is the opportunity to access substantial financial resources to address workforce housing needs in the non-profit development organization's service area. The administrative costs can be funded with local matching funds, fees, loan repayments, interest and other funds.

COMMENT #10: *"What are the housing administration fees that are not allowable? Please clarify."* – Mesner Development Company

NDED RESPONSE to Administration Fees Comment #10 – Grant Administration and Housing Administration costs for the RWHF at the project level can be supported with local matching funds, fees, loan repayments, interest and other funds and will need to be determined by the applicant and included in the applicant's Fund Investment Plan.

AFFORDABLE HOUSING TERMINOLOGY

COMMENT #1: *"The application guidelines use the term "affordable housing" in a few different places. As rural workforce housing is not intended to be affordable housing, please remove any use of the term "affordable housing" from these guidelines to eliminate any confusion."* – Nebraska Housing Developers Association

COMMENT #2: *"The application guidelines use the term "affordable housing" in a few different places. As rural workforce housing is not intended to be affordable housing, please remove any use of the term "affordable housing" from these guidelines to eliminate any confusion."* – B Three G Consulting Group

COMMENT #3: *"MHDF recommends that DED remove all references to "affordable housing" in the RWHF final application guidelines to eliminate any confusion between affordable housing programs and the rural workforce housing fund."* – MIDWEST HOUSING DEVELOPMENT FUND

NDED RESPONSE to Affordable Housing Terminology Comments #1 - #3 – The term "Affordable Housing" has a common definition of low-income or income-restricted housing. This terminology was been removed from the Final Application Guidelines.

COMMENT #4: *"The guidelines notes that eligible activities include housing that does not receive National Housing Trust Funds, Federal Low Income Housing Tax Credits, State Low Income Housing Tax Credits, Community Development Block Grants, HOME funds, or funds from the Nebraska Affordable Housing Trust Fund. However, the Act does not identify National Housing Trust Fund resources as one of the excluded categories and therefore should be allowable, along with any other resources that might be available. By adding additional categories of funding that should be excluded, creates unnecessary red tape and is less customer focused."* – B Three G Consulting Group

COMMENT #5: *"The guidelines note that an eligible activity would be one where "housing does not receive" CDBG resources. Does this mean that only if CDBG funds are used for the housing (i.e. down payment assistance) then it would not be allowed? Would CDBG resources used for a community's infrastructure development, code enforcement, ADA accessibility, etc. be allowable? This information needs to be clarified within the guidelines."* – B Three G Consulting Group

COMMENT #6: *"The proposed Application Guidelines on page 4 list a number of funding sources which may not be received in connection with "eligible activities" of a non-profit development organization. While the proposed application guidelines reference "National Housing Trust Funds," there is no mention of this source under the provisions of LB 518 and this reference should, accordingly, be eliminated."* – Nebraska Bankers Association

COMMENT #7: *"The housing projects may not receive National Housing Trust Funds, Federal Low Income Housing Tax Credits, State Low Income Housing Tax Credits, Community Development Block Grants, HOME funds, or funds from the Nebraska Affordable Housing Trust Fund. Does this include TIF?"* – NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT

COMMENT #8: *"With respect to the source of funds that may not be received in connection with an "eligible activity," the department should clarify in the proposed Application Guidelines that the limitation on use of these resources only applies to the housing project (eligible activities) and would not preclude use of these funds for purposes of infrastructure development, code enforcement, ADA accessibility, etc."* – Nebraska Bankers Association

NDDED RESPONSE to Affordable Housing Terminology Comments #4 - #8 - The National Housing Trust Fund is a federal program, similar to those included in the Legislation. This program was not widely known at the time of the drafting of the Legislation. The intent of disallowing the various state and federal programs being combined with RWHF funding is to avoid restricting the RWHF by the parameters of the other programs, particularly income restrictions. The National Housing Trust Fund serves persons at 30% of area median income and therefore has been included in the list of programs that cannot be used with the RWHF. Local funds such as LB840 and TIF are not included in the list and the Department will not dictate the use of local funds.

ALTERNATE PLEDGE FORM

COMMENT #1: *"The Application Guidelines should specify that applicants can work with their funders to create pledge forms that will be acceptable pending DED approval. Many funders will not want to sign the standard commitment provided in the Applications Guidelines and will prefer to have their legal counsel draft a pledge form. The application should be receptive to this reasonable request."* – Nebraska Housing Developers Association

COMMENT #2: *"The Application Guidelines should specify that applicants can work with their funders to create pledge forms that will be acceptable pending DED approval. Many funders will not want to sign the standard commitment provided in the Applications Guidelines and will prefer to have their legal counsel draft a pledge form. The application should be receptive to this reasonable request."* – B Three G Consulting Group

COMMENT #3: *"Allow foundations to use their own pledge forms."* – Holy Name Housing

COMMENT #4: *"Also, MHDF recommends that DED allow for "other pledge forms as approved by the Department" as an alternative to the Pledge Form in the Application Guidelines."* – MIDWEST HOUSING DEVELOPMENT FUND

COMMENT #5: *"The Donor Pledge form can be found in Chapter 3: Exhibits. Allowable match is cash; dollars contributed by individuals, businesses, foundations, political subdivisions, or other non-profit organizations to a workforce housing investment fund, administered by the applicant. Partners should be allowed to provide other matching resources, and not just cash. Other forms of equity that partners could provide would enhance projects throughout the state."* – B Three G Consulting Group

NDED RESPONSE to Alternate Pledge Form Comments #1 - #5 – Pledge and Commitment forms were provided in the Draft Application Guidelines as a customer service response to requests by several potential applicants. The Department will approve and accept other forms at the request of applicants. The Final Application Guidelines includes Sample Individual Donor and Entity Commitment Form.

ANNUAL REPORTING

COMMENT #1: *"The Act requires annual reporting of info to the Department, some of which includes "a summary of matching funds and where such matching funds were generated" The requirements in the application guidelines are much more cumbersome and less customer friendly as they require an entire bank account certification, etc. This appears to be unnecessary red tape that will prevent parties from wanting to invest in a workforce housing fund."* – B Three G Consulting Group

NDED RESPONSE to Annual Reporting Comment #1 – Reporting requirements found on page 3 of the Draft Application Guidelines were taken directly from the legislation. The Bank Account Certification has been removed from the Final Application Guidelines.

APPLICANTS AS FUND MANAGERS

COMMENT #1: *"Application questions should be focused on demonstrating applicants' suitability as a fund manager, not as a housing developer. RWHF applicants are not required to function as the housing developer in these projects, but they are required to perform fund management. In Part V. Application Questions – Fund Design and Impact, question eight reads, "Describe the Applicant's housing development experience, including Board expertise." This requirement is not relevant to evaluating an applicant's ability to manage a fund."* – Nebraska Housing Developers Association

COMMENT #2: *"MHDF recommends that DED not require Grantees to demonstrate their "expertise in housing development." MHDF recommends that DED focus on Grantee expertise and capacity to administer a relevant investment fund through Grantee experience or a contractual relationship with an experienced Fund Manager."* – MIDWEST HOUSING DEVELOPMENT FUND

COMMENT #3: *"MHDF recommends that DED align the requirements for Eligible Applicants with Fund Manager requirements, not housing development organization requirements. DED should confirm that all requirements and review criteria are relevant to Fund Managers not Housing Developers throughout the Draft Application Guidelines."* – MIDWEST HOUSING DEVELOPMENT FUND

COMMENT #4: *"We think there needs to be some clarification of which entities will be subject to review for board expertise and operating procedures. It seems that in some circumstances these capacity requirements will apply to the applicant fund manager but may also need to apply to the project entity. Would there be a way for DED to do an initial review of the applications and to give feedback if certain relevant information has not been addressed. The other option would be for the Department to clarify in the application which questions pertain to the applicant and which questions pertain to potential project developers. An example would be the question about housing experience that is contained in 8.under capacity section of the application. Is this needed for the fund manager applicant or for the project developer?"* – Mesner Development Company

COMMENT #5: *"It is unclear whether DED is looking for housing developers to be the applicants or is looking for fund managers to be the applicants. It could be the applicant is a housing developer that hires a fund manager. Please clarify."* – Holy Name Housing

COMMENT #6: *"MHDF recommends that when DED is evaluating an applicants' capacity, experience and capacity of the Fund Manager are equally considered whether it is the Applicant staff managing the RWHF or a Fund Manager that the Applicant has contracted to manage the RWHF. – MIDWEST HOUSING DEVELOPMENT FUND*

NDED RESPONSE to Applicants As Fund Managers #1 - #6 – The Legislation provides "that a nonprofit development organization shall invest or intend to invest in workforce housing eligible activities; use any fees, interest, loan repayments, or other funds it received as a result of the administration of the grant to support qualified activities; and, have a board of directors with expertise in development, construction, and finance that meets at least quarterly to approve all qualified investments made by the nonprofit development organization. A nonprofit development organization shall have a formal plan and proven expertise to invest unused workforce housing investment fund balances and shall have an annual audit of all financial records conducted by an independent certified public accountant." Additionally, the legislation provides that grants shall be awarded based upon "...projects that can reasonably be ready for occupancy in a period of twenty-four months; and, a demonstrated ability to grow and manage a workforce housing investment fund."

- A) For those applicants that plan to manage the RWHF funds ONLY, legislation requires that the capacity of the nonprofit also includes that of development, construction and finance. As fund managers the nonprofits are responsible for the overall selection and success of the local projects which makes the Fund Investment Plan an important piece of the application.**
- B) Not all applicants desire to only manage the RWHF funds, some also desire to be a project developer or have other roles within the local housing initiative.**

The RWHF was intended to have flexibility on the local level, the Department responded to several customer-focused requests to include flexibility for a multitude of possibilities of applicants being fund managers only, fund managers/project developers, fund managers/project managers, etc.

APPLICATION GUIDELINES

COMMENT #1: *“Within Part III (Investment Fund Budget and Fund Summary) of the application guidelines a significant amount of additional paperwork is needed that includes a summary of the proposed fund including: any potential history of an existing fund, any potential previous existing fund activity, the eligible proposed projects within the fund, regardless of funding source, numbers of proposed units, location of the potential projects, how the workforce housing need for the projects is determined, scoring criteria or method for prioritizing and determining investments in projects, and a timeline. This requirement creates unnecessary red tape and is not customer focused. Please ensure that this additional requirement is not required in the final application guidelines, but ensure that the overall application guidelines are easy for customers to understand, and easy for applicants to complete.”* – B Three G Consulting Group

NDED RESPONSE to Application Guidelines Comment #1 – The Summary has been removed from Part III but the information is included in the Capacity, Experience and Financial sections of the Non-Profit Development Organization Approval Form. This information is critical to assess the capacity and ability of the non-profit applicant to ensure stewardship of taxpayer funds.

COMMENT #2: *“The application guidelines require a bank account certification which includes a number of questions including: checking account balances, account numbers, savings account balances, etc. This is overly burdensome and not customer focused. A more simplified approach would be for the application guidelines to require a letter from the bank, signed by bank staff, that certifies the availability of resources for the project.”* – B Three G Consulting Group

NDED RESPONSE to Application Guidelines Comment #2 – The Bank Account Certification has been removed from the Final Application Guidelines.

COMMENT #3: *“Clarification needs to be provided to define “projects” and “applicants” – are they two different things or the same? (see paragraph 3 on page 3 of the guidelines)”* – NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT

NDED RESPONSE to Application Guidelines Comment #3 – The referenced paragraph from the Draft Application Guidelines is restated in the Final Application Guidelines. “Awarded Applicants receiving funding through the RWHF application cycle, must have projects that are reasonably ready for occupancy in a period of twenty-four (24) months from the date of Release of Funds.”

COMMENT #4: *“If a project does not engage within 24 months, why do the funds need to be returned to the Department for credit? Why can’t they be returned to the local fund for the next project?”* – NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT

NDED RESPONSE to Application Guidelines Comment #4 – The Legislation states: “If a nonprofit development organization fails to engage in the initial qualified activity within twenty-four months after receiving initial grant funding, the nonprofit development organization shall return the grant funds to the department for credit to the Affordable Housing Trust Fund.”

COMMENT #5: *“Would developers and contractors be required to SAM register?”* – NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT

NDED RESPONSE to Application Guidelines Comment #5 – The SAM registration was included in the Draft Application Guidelines to ensure that state funds would not be granted to organizations that have

been disbarred from receiving federal funds. In streamlining the process, an alternative action has been identified. A self-certifying statement has been included in Authorizing Resolution, Exhibit A.

COMMENT #6: *"Would projects be required to follow lead based paint regulations?"* – NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT

NDED RESPONSE to Application Guidelines Comment #6 – RWHF awarded projects are required to follow all state and federal regulations.

COMMENT #7: *"Discussion: During one of the public input meetings for LB-518, DED mentioned that they would provide examples/recommendations of threat mitigation with the application. This would be helpful to provide examples or a benchmark for what DED will be looking for in the application. Recommendation: Provide threat mitigation expectations."* - SOUTH CENTRAL ECONOMIC DEVELOPMENT DISTRICT

NDED RESPONSE to Application Guidelines Comment #7 – Yes, risk mitigation tools can be found within the application itself: Fund Investment Plan (this Plan is determined locally to define the local program relevant to the type of project the RWHF Applicant/Fund Manager will be overseeing); Bank is requested about how the funds are deposited due to the \$250,000 FDIC insured deposit limit; if a nonprofit is managing a \$1,000,000 fund, those funds will need to be deposited at a minimum of at least 4 financial institutions). NDED staff is always available to provide technical assistance to potential applicants and grantees.

COMMENT #8: *"For many of the reasons stated in item 1 above, we believe the Department is putting too many points in the capacity category. We would reduce this category to 100 points and, because we need to get this money out fast add the other 50 points to readiness."* – Mesner Development Company

COMMENT #9: *"Section 4(3) of LB 518 sets forth the following criteria for awarding grants under the RWHF program:*

- a. A demonstrated and ongoing housing need as identified by a recent housing study;*
- b. A community or region that has a low unemployment rate and is having difficulty attracting workers and filling employment positions;*
- c. A community or region that exhibits a demonstrated commitment to growing its housing stock;*
- d. Projects that can reasonably be ready for occupancy in a period of twenty-four (24) months; and*
- e. A demonstrated ability to grow and manage a workforce housing investment fund.*

However, the selection criteria matrix on pages 7-8 of the proposed Application Guidelines greatly expand the number of criteria. We are concerned that this expansion will make the application process more cumbersome, and we encourage the department to streamline the criteria to be more user-friendly. Perhaps assigning points to the statutory criteria set forth above, with a brief narrative for each criteria would be appropriate." – Nebraska Bankers Association

COMMENT #10: *"The Act notes that prioritization for grant funds should be based on a few criteria that include:*

- a demonstrated and ongoing housing need,
- low unemployment rate,
- difficulty filling employment positions,
- demonstrated commitment to growing housing stock,
- projects reasonably ready for occupancy in a period of twenty-four months, and
- the capacity to manage a workforce housing investment fund.

However, the guidelines provide for a much more significant number of criteria that makes the application process more difficult and burdensome. The criteria should be stream-lined and clarified to be more customer oriented and flexible to allow more quality projects to be developed. The guidelines could assign points to each of the above mentioned criteria, and then have a simple narrative provided for each response.” – B Three G Consulting Group

NDED RESPONSE to Application Guidelines Comment #8 – #10 – The Application Guidelines scoring criteria includes four scoring areas Demonstrated Need, Capacity, Impact and Readiness. The six items listed in the Legislation have been incorporated into these four criteria. Readiness is very important and Capacity is critical to ensuring that taxpayer resources are protected and utilized appropriately.

COMMENT #11: “It is our understanding that the department is separately proposing to impose the Lawful Presence Public Benefits Eligibility requirements on the RWHF program. While funds for the RWHF program have resulted from a transfer of funds from the Affordable Housing Trust Fund, the program is not an affordable housing program. As a result, we do not believe that this requirement should be a part of the RWHF program.” – Nebraska Bankers Association

NDED RESPONSE to Application Guidelines Comment #9 – The RWHF is subject to all federal and state laws and regulations.

COMMENT #12: “In a general sense, we believe guidelines should allow the most possible applications and they should strongly favor shovel-ready projects. We believe those approaches would send a message that efforts such as this should continue and, in fact, be expanded.” – Columbus Area Chamber of Commerce

NDED RESPONSE to Application Guidelines Comment #12 – Fund applications that identify shovel-ready projects would score favorably in the Readiness category as well as be evidenced the Capacity category.

COMMENT #13: “We would suggest an applicant could submit multiple applications, each of which would be subject to the \$1-million cap. Most of the applicants are likely to be regional organizations. By putting the cap on the applicant, it creates very difficult decisions for the applicant and may also eliminate worthy projects within a specific geographic area.” – Columbus Area Chamber of Commerce

NDED RESPONSE to Application Guidelines Comment #14 – The Legislation allows for one application and a maximum of \$1,000,000 in a two-year period of time.

COMMENT #14: “We would ask that the guidelines provide clarification on the 24-month timeframes mentioned. We are interpreting there to be two different 24-month timeframes, one between the state and local fund and another between the local fund and local applicants.” – Columbus Area Chamber of Commerce

NDED RESPONSE to Application Guidelines Comment #14 - Projects funded by RWHF grantees, through the Workforce Housing Investment Fund need to be reasonably ready for occupancy within 24 months.

If a grantee fails to engage in an initial qualified activity within 24 months, the RWHF grant funds are returned to the Department.

AUDIT

COMMENT #1: *“Because we believe this program was intended to stimulate rapid housing in all parts of the state that are facing workforce housing, we think the program needs to be flexible enough to fit both larger and smaller communities. While many truly regional organizations may be well suited to provide evidence of things like annual audits, succession plans, and board approved investment plans etc., there are also many communities that have smaller less well organized non-profits working to create housing for their employers. We would suggest that DED reconsider some of these requirements so that these smaller community organizations can compete on a level playing field for these funds. Annual audits are costly and may not be necessary as long as there is adequate accounting of funds received and disbursed with proper documentation of usage. In organizations that have already hit a threshold for federal funds which triggers the audit requirement, this program item is not a hardship. However, it will be a hardship in many other circumstances where audits are not common practice. Likewise, a succession plan may not really be necessary as long as there are other ways to protect the long term monitoring of the funds. As used in other types of housing the Dept. could require that certain circumstances would trigger the ability of DED to transfer program administration to another entity approved by DED. The triggers would be things like dissolution of the fund manager, mismanagement, failure to make timely reports or to collect repayment obligations, or bankruptcy etc. This transfer provision is commonly found in LIHTC operating agreements to protect investors from recapture of credits. We would be happy to share a sample of this type of language with the department. The point we are trying to make is that just because some communities don’t have established “best practices” operating procedures doesn’t mean they don’t need workforce housing. Let’s find less burdensome ways to make sure these communities have an equal chance to access these funds.” – Mesner Development Company*

COMMENT #2: *“LB 518 and the RWHF guidelines both require an annual audit conducted by a CPA for the years in which the state funds are handled by the qualifying non-profit that has requested the funds for projects. We understand and agree with that requirement.*

On Page 18 for Organizational Structure the guidelines also requires a copy of the “most recent annual audit” as part of the project application as a non-profit organization. Our Chamber Development Corp., which is providing the matching funds is a qualifying 501c(6). Our current normal practice is to have our board of directors’ Finance Committee oversee our financials and meets quarterly to go over operational income, expenses, investments, etc. The quarterly and annual reports have to be approved by our entire board of directors. Those financials are not audited by a CPA, but an annual “review” of our financials and annual tax reporting (federal and state) is completed by a CPA firm. Also our Board Chairman and Vice-Chairman, as well as the President approve all invoice bills and sign all checks. As part of the application we would provide our annual report on all of our operational and project expenses, investments, etc., for the past fiscal year and a letter from the CPA on what services they do provide.

Therefore, we would like consideration that on the Page 18 under part 2. Organizational Structure guidelines for the initial non-profit organization application to include the most recent annual audit OR an in-depth annual report on the organization’s year ending finances as approved by its board of directors.

Our Finance Committee – voluntary board members, have the following credentials:

- Two are Vice-Presidents of Lending at their respect banks in North Platte
- One is the CEO of our local hospital (second largest employer in the community)
- One is president of a local Mortgage Company
- One is an attorney and immediate past board chairman
- One is the Union Pacific Bailey Yard Railroad Supt. of Operations.

We realize if we are fortunate to receive the state housing funds it would be necessary for us to have a third party independent CPA firm do an audit throughout the duration of using state funds administered from the program. That's a given.

Our primary concern is the timing to get a CPA audit from our immediate past fiscal year because we are going into tax season and several pending changes to the federal tax code are in play. It may be difficult to attain.” – North Platte/Lincoln County

COMMENT #3: *“We are aware of concerns raised by non-profit organizations regarding the requirement on page 18 of the proposed Application Guidelines (Organizational Structure) that the non-profit organization must have an annual audit of all financial records conducted by an independent certified public accountant (CPA). Many non-profit organizations may not currently have audits conducted by an independent CPA, but rather have an internal “finance committee” conduct a review of the “financial records” and submit reports for approval by the board of directors. Neither the provisions of LB 518 or the proposed Application Guidelines appear to require the non-profit organization to have previously conducted an independent audit of its financial records, but only require the organization to commit to doing so, prospectively. We would encourage this interpretation of these provisions, or if some “existing documentation” or “report” is required, to accept a year-end financial report approved by the board of directors of the non-profit organization in lieu of an independent audit by a CPA.” – Nebraska Bankers Association*

NDED RESPONSE to Audit Comments #1 - #3 – The requirement for an annual audit with the application submission has been removed. A reviewed year-end financial statement will be accepted in place of an annual audit. The Legislation required an annual audit by a CPA for those organizations funded with RWHF, so applicants should be aware of this requirement that will be included in the grantee contract.

ELIGIBLE ACTIVITIES VS. QUALIFIED ACTIVITIES

COMMENT #1: *“The guidelines note that any activity not specifically authorized under Eligible Activities is ineligible to be carried out with RWHF funds. However, qualified activities are not mentioned under eligible activities and would therefore be considered an “ineligible activity” per the way the current guidelines have been written. Activities used with matching resources are also not mentioned as eligible activities, would these also be ineligible. Clarification is needed which specifically identifies the types of activities that can be completed and the types of resources used for those activities. In addition, The Act notes that applicants can “...Use any fees, interest, loan repayments, or other funds it received as a result of the administration of the grant to support qualified activities...” and these items should also be part of eligible activities. Overall, the eligible activities section should note all the activities that the non-profit applicant can perform, as well as the activities carried out by all other partners involved in the program and projects. This would include any activities related to matching resources.” – B Three G Consulting Group*

COMMENT #2: *“Ensure that it is clear within the application guidelines the difference between qualified activities and eligible activities. Ensure that the guidelines are clear as to all eligible activities performed*

over the course of the program, and include all eligible activities for the applicants, as well as any partners. Note that oftentimes the eligible non-profit will not be completing the housing activities, but will instead be managing the workforce housing fund. The housing activities will be completed by contractors, developers, etc. and all eligible activities of these partner organizations should be identified within the application guidelines.” – B Three G Consulting Group

COMMENT #3: *“MHDF recommends that DED revise this section to make clear the difference between Eligible Activities (eligible projects for Regional Fund investment), Ineligible Activities (ineligible projects for Regional Fund Investment and ineligible Regional Fund expenses), and Qualified Activities (eligible Regional Fund uses). In addition, MHDF recommends that DED allows Housing Administration costs and Grant Administration costs to be Eligible Activities (eligible Regional Fund Expenses) of RWHF Match Contributions.” – MIDWEST HOUSING DEVELOPMENT FUND*

NDED RESPONSE to Eligible Activities Comments #1 - #3 - Qualified Activities is in reference to the administration of the fund activities for the RWHF whereas the Eligible Activities are directly related to the housing project to be completed within the community, county, or region. The intent of the RWHF legislation was to provide flexibility at the local level to identify and create a housing project that responds to the local markets and workforce housing need through the design and involvement of project-level professionals in the applicant’s Fund Investment Plan.

COMMENT #4: *“Forgivable loans and grants are allowed with RWHF; however, financing structures that provide for RWHF to revolve in the rural workforce investment funds are preferred. Is there an acceptable percentage for loan/grant combinations?” – NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT*

NDED RESPONSE to Eligible Activities Comment #4 – The Department has not set any parameters on acceptable percentage for loan/grant combinations. The RWHF is intended to have flexibility and this information should be included in the applicant’s Fund Investment Plan.

ELIGIBLE APPLICANTS

COMMENT #1: *“In reviewing the application for the RWHF I have significant concerns. In the legislation it was clear that an eligible applicant is an NDO, no nonprofits, or CHDO’s were included in the legislation. If nonprofits and CHDO’s are included in the initial grant for the RWHF, the money will not be spread out to small communities in the state. The money will stay with larger communities such as Grand Island, Columbus, Fremont, North Platte, Kearney, etc. which already get the majority of housing funds in Nebraska. The current NDO’s (mostly the development districts) are the only organizations with the local contacts and grant management capabilities to ensure that the money goes to communities that have a workforce housing need that cannot be met with local contractors or developers. Perhaps there could be a compromise where current NDO’s get funded in the first application cycle in a year and then once their needs are satisfied then a second application cycle would be open to other entities.” – City of Imperial*

NDED RESPONSE to Eligible Applicants Comment #1 – The Department has the discretion to develop the parameters of the program to best foster and support the development of workforce housing in rural communities. Many successful local housing development organizations exist across the state in all sizes of communities with the capacity to manage a fund and develop workforce housing. These housing developments have regional impact, by providing housing for commuting workers. The Department has defined regional as serving at least one community in an RWHF eligible county.

The Legislation limits the ability of a regional organization to apply for only one application, as well as the maximum amount of grant funds. These limits could potentially restrict the development of workforce housing in a large region. Allowing applications from various non-profit organizations within a region offers the ability for more than one grant, and more than \$1,000,000 in areas of the state.

COMMENT #2: *“Regarding the RWHF qualifications, in section 1.2 (definitions) of the application guidelines an eligible applicant must be a NON-PROFIT DEVELOPMENT ORGANIZATION, NDO, or CHDO. The NDO and CHDO items list specific organizations but the non-profit item does not. In the final release of the application guidelines would it be possible to obtain a list of qualifying 'non-profit development organizations'? and/or, will there be qualifying organizations that you are aware of that have expressed an interest in acting as a qualifying applicant for the purpose of this RWHF which you can make available to the public? Without this list it would be difficult for me, as a potential developer, to identify which organization(s) within my county is able to apply for funding on my behalf.”* – Kevin Schawang

NDED RESPONSE to Eligible Applicants Comment #2 – Following the application cycles, a list of awards is available that includes the applicant information.

COMMENT #3: *“Eligible organizations under the Workforce Guidelines are designated Community Housing Development Organizations (CHDO’s), but the current HOME application guidelines only allow a “CHDO” to be designated if they have a new viable project that is funded and approved by DED. This is counter to increasing workforce housing opportunities as it limits those organizations that may have previously been designated CHDO’s, but are no longer consider CHDOs based on the new DED requirements. In addition, not all CHDOs currently designated are eligible under the current application guidelines. NeighborWorks Lincoln is not listed as an eligible CHDO, nor are other organizations such as High Plains CDC or Lincoln Co CDC, who have recently utilized CHDO resources, CHDO reuse funds, or CHDO proceeds. There may be other eligible CHDOs that are funded through other HOME resources from Lincoln or Omaha that may look to partner with organizations for the rural workforce initiative, and these organizations should also be allowed to apply for resources.”* – B Three G Consulting Group

NDED RESPONSE to Eligible Applicants Comment #3 - This does not preclude any previously designated CHDO’s from applying under RWHF as they would qualify nonprofit development organization. The NeighborWorks Lincoln and other Lincoln and Omaha organizations would have to have to meet the eligible service area requirements of serving communities or counties outside of Douglas, Lancaster and Sarpy counties.

COMMENT #4: *“The statutes require an applicant to be a nonprofit development organization with a specific board of director’s makeup. I would refer to Sec. 4(2) of LB 518 where it discusses who may apply for funding, and then also to the requirements of a nonprofit development organization in Sec. 4(5) if it does apply. I cannot speak for the state as a whole, but I know PRDI has taken steps in the last month to make its board comply with those requirements listed in Sec. 4(5), and I would guess that was the expectation of most Nebraska regional development organizations. I have concern that the guidelines stray from this understanding without statutory authority, as a nonprofit development organization (NDO) has been a term of art for the NDED, and including any type of 501(c)(3) runs counter to that historical practice and the understanding of that term. I would also wonder if allowing other 501(c)(4) or 501(c)(6) organizations (as opposed to already approved NDO’s in the state) introduces an unwanted level of private interest and conflict, as a board of realtors or an association of contractors would (although qualifying) introduce unwanted conflicts as to the type of development that occurs.”* - Panhandle Regional Development, Inc. (PRDI)/Simmons Olsen Law Firm

NDED RESPONSE to Eligible Applicants Comment #4 - NDO and CHDO are terms associated with HUD and federal funds. In the RWHF Legislation it does not include NDO, as the HUD associated term, but rather, nonprofit development organization, meaning a regional or statewide nonprofit development organization approved by the NDED director.

COMMENT #5: *"We appreciate the opportunity to provide this letter to you as part of the public comment period for the proposed Rural Workforce Housing Fund ("RWHF") guidelines released by the Department on November 28, 2017 (the "Guidelines"). This comment identifies our concern with one of the criteria for establishing "applicant eligibility," and recommends a modification to the Guidelines to address this concern.*

According to the Nebraska Rural Workforce Housing Investment Act and the Guidelines, only "eligible applicants" may apply for and receive RWHF grants. The Guidelines define "eligible applicant" as a "non-profit development organization" ("NDO"), which is further defined to mean either: (i) a 501(c)(3), 501(c)(4), or 501(c)(6) housing or related service organization; (ii) one of the pre-existing NDOs previously designated as such by the Department pursuant to U.S. Department of Housing and Urban Development ("HUD") regulations; or one of the pre-existing Community Housing Development Organizations ("CHDO") previously designated as such by the NDED under HUD regulations (Guidelines, 3-4). While pre-existing NDOs and CHDOs clearly already qualify as "eligible applicants," the Department's definition clearly contemplates an alternate avenue – namely, formation of a new 501(c)(3) NDO separate and apart from those already in existence.

In their current form, the Guidelines are inconsistent with the typical timeline for having a Form 1023 (the Form required to obtain status as an exempt organization under Section 501(c)(3)) reviewed and approved by the IRS. To demonstrate threshold eligibility, the Guidelines require applicants to submit an NDO Approval Form substantiating the NDO's legal status, organizational structure, capacity and experience, financial standards, and investment plan meeting RWHF requirements (Guidelines, 16-20). In terms of legal status specifically, the Guidelines require the applicant to provide evidence of a valid conditional or final IRS determination letter. All RWHF applications, which require proof of such a determination letter. All RWHF applications, which require proof of such a determination letter where a new NDO is being formed, are due no later than March 30, 2018.

I have been practicing in this area for over twenty years. Based on my experience, the approval process to obtain exempt status under 501(c)(3) is often lengthy and unpredictable. Following completion and submission of the Form 1023, which itself is a complicated form which takes some time to completed, an applicant often does not receive any kind of determination from the IRS for up to six months or more. The IRS web site refers to a time frame of 180 days. Practically speaking, the process takes at least two months and often up to six months or more. While the IRS may potentially entertain a request for expedited processing upon a showing of a compelling reason like grant eligibility, the IRS has complete discretion in how it deals with such a request. Therefore, the RWHF grant application deadline could well pass before an applicant receives the requisite approval of tax exempt status from the IRS. This uncertainty is unacceptable to potential applicants and should be addressed in the Guidelines.

We propose amending the Guidelines to provide applicants with the option to satisfy the tax-exempt determination requirement by obtaining a letter from a tax attorney or CPA certifying the applicant's tax-exempt status. More specifically, we propose adding the following language to Section F, page 18 of the Guidelines, directly below the check-box option reading: "Letter from IRS for either final or conditional 501(c) designation."

"Letter from a tax attorney or CPA familiar with applicant's tax-exempt application certifying that applicant (i) is organized and operating as a non-profit organization; and (ii) has completed and submitted all documentation required pursuant to the IRS's tax-exempt application process; provided, however, applicant must return any grant monies received from the Department upon failure to secure a final tax-exempt determination from the IRS within eighteen (18) months of filing an application for tax-exempt status with the IRS." – Rembolt Ludtke

NDED RESPONSE to Application Guidelines Comment #5 – Eligible Applicants are 501(c)3, 501(c)4, and 501(c)6 that have received their designation letter from the IRS.

EXHIBITS

COMMENT #1: *"The proposed Application Guidelines include exhibits that are not relevant to this program and should be removed to minimize unnecessary work for applicants and NDED. Exhibit N: SAM database record and clearance does not align with the requirements of the Rural Workforce Housing Act, or the reporting needs to ensure that this project is administered successfully." – Nebraska Housing Developers Association*

COMMENT #2: *"The proposed Application Guidelines include exhibits that are not relevant to this program and should be removed to minimize unnecessary work for applicants and NDED. Exhibit N: SAM database record and clearance does not align with the requirements of the Rural Workforce Housing Act, or the reporting needs to ensure that this project is administered successfully. The applications should be as customer friendly as possible and easy for any DED scoring team to review in a timely manner so that resources can be made available quickly for good project development. Applicants should not have to wait over half a year for obtaining award announcements, as was the case with the workforce guidelines as well as the Trust Fund awards." – B Three G Consulting Group*

COMMENT #3: *"MHDF recommends that DED remove the requirement to submit several Exhibits listed below and related review criteria. These Exhibits do not provide information to ensure all statutory requirements are met and therefore are additional unnecessary burden on the applicant preparing the application and DED in reviewing the application. If DED determines that some items are required to administer RWHF, DED can request additional items during the contract and implementation phase after award. List of Exhibits recommended for removal in final application guidelines: Exhibit N SAM, Exhibit Q-1 Non-Profit Application Certification Form, Exhibit R Authorizing Resolution, Exhibit 103 Bank Certification Form, Exhibit 105 Succession Plan, Attachment I: Bank Information Letter." – MIDWEST HOUSING DEVELOPMENT FUND*

COMMENT #4: *"Exhibit 105 requires a formal, board-approved organizational succession plan. It is the NBA's belief that many of the potential NDOs currently lack an implementable, formal succession plan. Asking these organizations to stop and undertake this activity while also trying to prepare their RWHF application is troubling. For those organizations that do have some type of formal succession document, it often includes confidential information like identifying by name specific individuals to rely upon in certain*

transition situations. Speaking for the NBA, I would not want our succession plan made public. Finally, many of the publicly available not-for-profit succession/transition plans were developed to meet some federal or state bureaucratic requirement and rarely reflect what will truly occur in a real transition. We encourage the department to forgo this requirement.” – Nebraska Bankers Association

COMMENT #5: “By requiring completion of Exhibit N, it appears that the department is mandating compliance with “specific reporting requirements for recipients of federal funds.” Clearly, the RWHF program is not a federal program. This requirement appears to be an additional compliance step in the grant process that is not necessary and does not relate to the success of the proposed program.” – Nebraska Bankers Association

COMMENT #6: “Exhibit R suggests that NDOs are entering into an agreement for the Nebraska Affordable Housing Program. It is our belief that the Nebraska Legislature created this program with the specific intent of addressing housing activities outside of the “affordable housing development activities,” which are typically synonymous with low- to moderate-income housing programs. As such, this proposed exhibit appears irrelevant to the RWHF program and violates legislative intent.” – Nebraska Bankers Association

COMMENT #7: “While we recognize the intent of the formal “Bank Certification Form,” several items on the proposed form cause significant concerns. For example, requesting bank account numbers opens the bank and their customer NDOs to significantly increased fraud and hacking potential. It also places potential liability on DED to keep this information confidential. Similarly, knowing the date a bank account was opened also increases fraud potential and does not impact the current availability of funds. In addition, interest rates adjust frequently so asking for the current rate is irrelevant. At this point in time, we would highly caution our member financial institutions about completing the Bank Certification Form as presented.” – Nebraska Bankers Association

NDND RESPONSE to Exhibits Comment #1 - #7 – The SAM Registration was included in the Draft Application Guidelines to ensure that State Funds would not be granted to organizations that have been disbarred from receiving federal funds. In streamlining the application process, and still protecting taxpayer funds, an alternative action has been identified. The SAM Registration has been eliminated and a self-certifying statement has been included in Authorizing Resolution Exhibit A. Exhibit N has been deleted from the Final Application Guidelines. Exhibit Q-1 and Exhibit R have been deleted and elements incorporated in Authorizing Resolution, Exhibit A. Bank Certification Exhibit 103 and Succession Plan 105 have been removed and Attachment I has been edited in the Final Application Guidelines.

EXTRA TERRITORIAL JURISDICTION

COMMENT #1: “The Application Guidelines currently require that a project “must take place in the corporate limits of a community located in an eligible county.” We suggest that this requirement be amended to require projects take place within the Extra Territorial Jurisdiction (ETJ) of a community in an eligible county. Expanding the eligible areas to the ETJ, just outside of the corporate limits, will maintain the spirit of the legislation while providing eligible communities more flexibility as they pursue projects.” – Nebraska Housing Developers Association

COMMENT #2: “The Application Guidelines currently require that a project “must take place in the corporate limits of a community located in an eligible county.” We suggest that this requirement be amended to require projects take place within the Extra Territorial Jurisdiction (ETJ) of a community in an eligible county. Expanding the eligible areas to the ETJ, just outside of the corporate limits, will maintain

the spirit of the legislation while providing eligible communities more flexibility as they pursue projects.” – B Three G Consulting Group

COMMENT #3: *“We would like to see the guidelines also allow for housing development within the “zoning jurisdiction” of municipal boundaries, and not just within the existing corporate limit boundaries. Zoning jurisdiction extends 2 miles around the perimeter of first class cities and 1 mile for villages. It is reasonable to think if housing development occurs on the perimeter at some point those areas would be eligible for eventual annexation. In many communities this may be the only available land that could accommodate a new housing development. An inability to utilize a larger radius without annexation could create an unintended leverage point for land owners that own the land adjacent to city limit boundaries. This program has a short time frame and expects rapid results. Annexation proceedings can be time consuming and could work against the intention of the bill, which is rapid construction of workforce housing.” – North Platte/Lincoln County*

COMMENT #4: *“We would recommend expanding the location of the eligible project to be outside of the city limits, maybe within the zoning & building jurisdiction of the city. Keeping the project within the city limits would be restrictive in many communities.” – Holy Name Housing*

COMMENT #5: *“The proposed definition of “rural community” requires projects funded with investment funds from the RWHF program to take place in the village or city corporate limits of a rural community within the ninety (90) eligible counties. We do not believe that the provisions of LB 518 require this restrictive approach. We would encourage the department to recognize areas within the “extraterritorial zoning jurisdiction” (ETJ) of municipalities (two (2) miles for cities of the first class and one (1) mile for cities of the second class and villages). Municipalities retain control over the construction process in their ETJ, thus they are able to regulate and control all building activities in the defined external ring just outside of their corporate boundaries. Many communities may need to utilize land on the perimeter of their corporate limits to have sufficient land for a new workforce housing development. This interpretation is in keeping with the intent of the workforce housing legislation (LB 518).” – Nebraska Bankers Association*

COMMENT #6: *“MHDF recommends that Rural Community definition be revised to require projects take place within the extra territorial jurisdiction of a community in an eligible county.” - MIDWEST HOUSING DEVELOPMENT FUND*

NDED RESPONSE to Extraterritorial Jurisdiction Comments #1 - #6 - The Final Application Guidelines have been changed to allow for RWHF funded projects to take place within the extraterritorial zoning jurisdiction of a municipality within an eligible county.

GENERAL

COMMENT #1: *“Finally, we have reviewed the comments made by Housing Developers Association and we support those comments as well.” – Mesner Development Company*

NDED RESPONSE to General Comment #1 – Nebraska Housing Developers Association comments are included in these responses.

COMMENT #2: “STRONGLY SUPPORT

- *Local Incentives:* We appreciate the fact the guidelines do not prevent use of local incentives to assist with the projects, such as LB840 funds and tax increment financing.
- *Loan Requirements:* We appreciate the fact the program is not absolutely mandatory in requirement to be a “revolving loan” with repayment provisions and that projects can be considered for “grants” if a viable housing development project has its merits.
- *Cash Match:* We appreciate the approach that the project requires a minimum of a 1:1 cash match upfront. This shows the seriousness and readiness of the projects. We believe there should be “skin in the game” from the community / regional approach by the organization applying.
- *Organizational Eligibility:* We appreciate that qualifying organizations do not have to be just NDO’s or CHDO’s, as long as they have a proven track record of commitment to housing development and workforce recruitment and have a regional approach.
 - North Platte/Lincoln County

NDED RESPONSE to General Comment #2 – Thank you for your supportive comments. The utilization of local resources is critical to the success of the RWHF program and workforce housing projects. The local resources have an opportunity for significant leverage with RWHF funding. Cash match absolutely demonstrates capacity as well as readiness, two important criteria of the program. The Department recognizes that successful workforce housing development and fund management is accomplished by a variety of organizations from community-based, county-based, regional and statewide.

COMMENT #3: *“With reference to distribution of funds. I understand that grants/funds for different areas will be managed by qualified economic development entities. My concern is that those funds reach small communities such as Red Cloud, the community I live in. Currently, I do not believe those funds will be disbursed to small communities within our area. While I understand that this is a new program and will take time to develop, my concern again is that funds will never reach smaller communities. Are there any provisions that mandate certain of the funds be used in small communities of under, for example, 2,500 or 5,000. There may be more of a need in those communities than in larger communities. As guidelines are processed and developed, please give consideration to availability to small communities.” – Gary Meyer*

NDED RESPONSE to General Comment #3 - The Legislation requires that the RWHF must be geographically distributed. The Department takes this very seriously and makes consideration for workforce housing need proportionate to the population and workforce need. Several non-profit development organizations serving small rural communities and counties have been involved in very successful housing projects across the state and have participated in program discussions.

COMMENT #4: *“Are there any restrictions on what the Fund Awardee can charge for fees, interest, etc. to the projects?” – NeighborWorks Northeast Nebraska*

COMMENT #5: *“Can the Investment Plan be amended from time to time? And, if so, what can be amended? (time, amount, activity, project, etc.)” – NeighborWorks Northeast Nebraska*

NDED RESPONSE to General Comments #4- #5 – The Department does not restrict or dictate these details. The applicant should include fees, interest, and other details such as an amendment process in their Fund Investment Plan.

COMMENT #6: *"The initial application cycle and program should be treated as a pilot program in order to get good applications and funding moving in a timely manner. The guidelines should not be developed to be too burdensome to the scoring review team, and should always be customer friendly and simplified so that communities will ultimately be able to obtain the greatest benefit through the addition of several additional workforce units. The legislature did not intent for the new initiative to be burdensome to customers, but wanted it simplified, and that is one reason it was removed from the Trust Fund and added to a separate fund."* – B Three G Consulting Group

NDED RESPONSE to General Comment #6 – There will be an initial application cycle and if funds remain, a second application cycle. A pilot program is not planned.

COMMENT #7: *"At the bottom of page 17 and the top of 18, it appears to be a duplication of boxes."* – Holy Name Housing

NDED RESPONSE to General Comment #7 – This edit has been made to the Final Application Guidelines.

Comment #8: *"In defining eligible activities, "mobile homes as defined by the department" are strictly prohibited. We would suggest a clarification to allow for modular housing units."* – Nebraska Bankers Association

NDED RESPONSE to General Comment #8 – This edit has been made to the Final Application Guidelines; mobile homes, as defined by the Department; *Mobile homes means a movable or portable dwelling constructed to be towed on its own chassis, connected to utilities, and designed with or without a permanent foundation for year-round living. It may consist of one or more units that can be telescoped when towed and expanded later for additional capacity, or of two or more units, separately towable but designed to be joined into one integral unit.*

COMMENT #9: *"It appears that the homes can be sold or rented to anyone, no matter the household income."* – Holy Name Housing

NDED RESPONSE to General Comment #9 – There are no restrictions to household income.

HIRED MANAGEMENT ORGANIZATION

COMMENT #1: *"The Application Guidelines should specify the requirements and limitations governing what organizations can be contracted to manage an RWHF project. Additionally, when NDED is evaluating an applicants' capacity, they should give equal consideration whether the applicant is contracting with a management organization or is planning to manage the fund themselves."* – Nebraska Housing Developers Association

NDED RESPONSE to Hired Management Organization Comment #1 – The intent of the RWHF legislation was to provide flexibility at the local level to identify and create a housing project that responds to the local markets and workforce housing need through the design and involvement of project-level professionals in the Fund Investment Plan. The NDED shall give equal consideration upon the basis provided within the Application Guidelines.

COMMENT #2: *"Can an awardee contract the management of the RWHF to another entity?"* – NeighborWorks Northeast Nebraska

NDED RESPONSE to Hired Management Organization Comments #2 – Yes, this will need to be provided for within the Fund Investment Plan within the Application Guidelines.

COMMENT #3: *"Is there a maximum amount of RWHF an entity/organization can manage if managing for several awardees?"* – NeighborWorks Northeast Nebraska

NDED RESPONSE to Hired Management Organization Comments #3 – The maximum amount of RWHF an entity/organization can manager if manager for other awardees will be at the discretion of NDED.

HOUSING STUDY

COMMENT #1: *"New construction of owner-occupied or rental housing in a community with demonstrated workforce housing needs; Is the only way to "demonstrate" need through a housing study?"* – NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT

COMMENT #2: *"Do you need housing studies from all communities of a regional program OR is a community that does not have a housing study ineligible to receive funds from the applicant?"* – NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT

COMMENT #3: *"Applicant has provided a summary of housing needs in the region including workforce housing needs. Specific community or county housing studies are included. On a multi-county regional application, it's possible that specific projects & communities would not be known at the time of the non-profit's application to DED. It gives an unfair advantage to a community applying for a specific project vs. a true regional applicant for multiple communities/counties. How is this fair as part of the threshold requirements?"* – NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT

COMMENT #4: *"Would like to see expansion of service areas address if (1) parts of the region covered by the NDO may not have the housing study information available at this time, but (2) those parts of the region gain that information and qualify for RWHF project investment before the usable life-time of the fund is expired. I believe this would further encourage those communities without the threshold information to organize and mobilize towards development if they know the NDO may have funds available to them."* – Panhandle Regional Development, Inc. (PRDI)/Simmons Olsen Law Firm

COMMENT #5: *"Please clarify if a locally produced housing assessment addressing workforce housing needs is acceptable only as an update to a previous formal housing study or if it can be the sole mechanism for showing need."* – Mesner Development Company

NDED RESPONSE to Housing Study Comments #1-#5 – The Legislation requires that the workforce housing need be documented through a housing study. Third party studies and self-assessments are allowed as stated in the Application Guidelines. In the case of regional applications, all existing community or county studies should be included along with a self-assessment and summary of the remaining areas in the region. Self-assessment updates of a third party housing study are also allowed.

INFRASTRUCTURE DEVELOPMENT

COMMENT #1: *"Infrastructure development associated with workforce housing is an eligible use of RWHF in association with the above eligible activities, proportionate to the number of workforce housing units*

and subject to the RWHF price limits. What does “proportionate” mean? Please clarify this information within the application guidelines.” – B Three G Consulting Group

COMMENT #2: “On behalf of the Central Nebraska Economic Development District, I am pleased to report that we are supportive of the guidelines presented for the Rural Workforce Housing Fund. There is one concern that we have concerning the allowance of “infrastructure” as an eligible activity of the fund. The possibility exists that an “infrastructure only” activity, even if partnered with an independent housing activity on the same location as the infrastructure project, might not be able to meet the 24-month requirement for an occupiable house constructed, putting the applicant and fund in jeopardy. CNEDD will be putting greater emphasis on projects that will directly impact housing construction and rehabilitation in order to meet that 24-month requirement.” – CNEDD

NDED RESPONSE to Infrastructure Development Comments #1-#2 – RWHF funds may be used for infrastructure development proportionate to the RWHF housing units, preventing, infrastructure only projects. The Department will not dictate this proportionality of funding. It should be addressed in the applicant’s Fund Investment Plan and reflective of local/regional market conditions, workforce housing needs and project designs.

MATCH

COMMENT #1: “The Act does note that “Grants shall require a minimum one-to-one in matching funds to be considered a qualified grant application” but does not specify that the funds must be provided at the time application. This 1 to 1 match requirement is no different than matching requirements for CDBG, and other programs, in which the applicant provides the matching resources throughout the project, and never has to provide at the time of application. This current approach in the application guidelines creates unnecessary red tape and is overly burdensome. A more reasonable approach would be to allow the Applicant to provide letters of commitment; letters of potential commitment; letters of support; and/or a simple letter from a financial institution indicating that any necessary matching funds are available in an account. Overall, the matching requirements need to be more customer-focused to allow Nebraskans to access these much needed resources in order to create additional housing opportunities throughout the state.” – B Three G Consulting Group

NDED RESPONSE to Match Comment #1 – The RWHF program is very different from CDBG and other federal and state programs administered by NDED. This program provides grant funds to Rural Workforce Housing Investment Funds, not direct funding to projects. Match commitments and/or evidence of match on hand is required at the time of application and must be on hand at the time the RWHF funds are drawn down. It is anticipated that the RWHF funds will be drawn by grantees all at once, rather than proportionate to project costs being incurred, as with other programs that fund projects.

COMMENT #2: “Because the nonprofit has 24 months to engage in the initial qualified activity, it makes sense to allow for matching resources to be accumulated during this period. Otherwise, funds are sitting in an account, unused for up to 24 months. This does not make good sense nor would it be an enticement to investors. It will be difficult to convince investors to donate to a fund, with no initial projects, in hopes that grant resources might be obtained in the future.” – B Three G Consulting Group

COMMENT #3: “The Act notes “Matching funds means dollars contributed by...to a workforce housing investment fund administered by a nonprofit development organization” but does not specify the timing of this investment. Prioritizing that funds must be in hand (in cash) at the time of the application may

create the impression to customers that in order to apply for resources, an applicant needs to have all matching funds secured and deposited into a bank. Please clarify within the application guidelines, the information needed for a competitive application and ensure that any requirements are not more restrictive than what the Act requires.” – B Three G Consulting Group

COMMENT #4: *“The Act notes that a “Qualified investment means a cash investment in a workforce housing investment fund...” but does not describe the timing of the investment. Ensure that the application guidelines are clear to show that matching funds are not required at the time of application, but may be acquired throughout the course of the project. The guidelines should allow for matching resources to be obtained over the 2 year period in which activities are completed.” – B Three G Consulting Group*

NDED RESPONSE to Match Comments #2-#4 – The purpose of the Rural Workforce Housing Fund is to provide grant funds to Workforce Housing Investment Funds across the state. Workforce housing needs, community growth, economic stability and other factors should be the enticement to investors. Projects funded through the Workforce Housing Investment Funds need to be reasonably ready for occupancy within 24 months. If a grantee fails to engage in a qualified activity within 24 months, the funds are returned to the Department. Readiness is high priority criteria in evaluating applications. Match commitments and/or evidence of match on hand is required at the time of application and must be on hand at the time the RWHF funds are drawn down.

COMMENT #5: *“What are the criteria used for giving extra points for more than the 1:1 match?” – NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT*

COMMENT #6: *“Discussion: Allowing extra points for more than a 1:1 match could quite possibly select more towards larger cities and away from more rural communities. It is the rural communities where the most impact would be realized, (1 new house in a town of 100 houses means a lot more than 1 new house in a town of 10,000 houses) and criteria should not limit their competitiveness in the program. Recommendation: Instituting a 1:1 match between 100,000 – 1,000,000 is sufficient and should be viewed as an entrance requirement to compete for the funds, not as criteria for additional application points.” - South Central Economic Development District*

COMMENT #7: *“We noticed that in both the capacity section and the readiness section you are looking at match committed and on hand. We are not sure why this appears in both places and could use clarification.” – Mesner Development Company*

NDED RESPONSE to Match Comments #5-#7 – The capacity of a non-profit development organization to raise funds, manage funds and invest in successful workforce housing projects is critical for the success of the RWHF program and stewardship of taxpayer funds. The ability to raise match that exceeds the minimum requirement is notable.

The Legislation addresses that the funds must be geographically distributed. The Department takes this very seriously and makes consideration for workforce housing need proportionate to the population and workforce need. Several non-profit development organizations serving small rural communities and counties have been involved in very successful housing projects. The minimum grant award of \$100,000 was established based upon feedback from potential applicants representing smaller rural communities.

COMMENT #8: *“Some communities served by a regional NDO may want to see their local matches “earmarked” for their particular community. To what extent will “earmarking” for particular communities within the NDO’s region be allowed? I.e., 20% to community X, 40% to community Y, etc.”* – Panhandle Regional Development, Inc. (PRDI)/Simmons Olsen Law Firm

NDED RESPONSE to Match Comment #8 – The designation of matching funds to a particular community, county or region is allowed and should be addressed in the applicant’s Fund Investment Plan.

COMMENT #9: *“Are the local matching funds required to also follow the exact same guidelines as the state funds on eligibility requirements for projects? For instance the state funds cannot be comingled with the various other state and federal housing funds and incentives. Does that also apply for the local funds to be restricted in the same qualifying manner? An example could be a community using TIF funds or LB 840 funds as part of the matching funds. The funds could have eligibility requirements that are different from LB 518, but still help incent the construction of work force housing. For example, if TIF funds were used to help pay for a lot, then LB 518 funds were used to help construction the house. The TIF matching funds would only seem eligible as a match if their guidelines were not required to be the same as the LB 518 funds.”* – North Platte/Lincoln County

NDED RESPONSE to Match Comment #9: – The Application Guidelines include only the eligible RWHF uses. The Department will not dictate the eligible uses of other funds, but rather this should be addressed by the applicant in the Fund Investment Plan.

COMMENT #10: *“The statutory language of LB 518 is silent as to an eventual return-on-investment for local matching funds. Currently PRDI is considering a 10-year (or possibly greater) window, at which time the remaining amount of the fund may be offered back to the local match donors either pro rata according to their contribution (if the fund at that time is less than local match) or at a maximum of what they initially contributed. If the fund is successful, we imagine the local match donors may decline the invitation and let the community investment keep rolling. The guidelines generally do not address this issue either. I believe a revolving fund is important to this program, and that the funds should be managed successfully and reinvested again after projects. However, I know that requesting local matches will be more difficult if return of investment is not at least considered. I would suggest allowing some return of investment capability after a sufficient amount of revolving time and the fund has achieved sustainability on its own accord.”* – Panhandle Regional Development, Inc. (PRDI)/Simmons Olsen Law Firm

COMMENT #11: *“MHDF recommends that DED further refine and clarify requirements on match in the final application guidelines. The final application guidelines should make clear that a donor of matching funds can be released from the agreement if the funds they contributed can be replaced by a new donor.”* – MIDWEST HOUSING DEVELOPMENT FUND

COMMENT #12: *“We would suggest that matching funds gathered locally should be either “refundable” or “replaceable”...or could simply grants to the fund as it is currently written. While we would prefer all those approaches are allowable, we would say outright grants to the fund should be scored higher in the competitive process.”* – Columbus Area Chamber of Commerce

COMMENT #13: *“Can the match funds ever be returned to the original donor?”* – NeighborWorks Northeast Nebraska

COMMENT #14: *"Can the match funds be "replaced" by a new donor, then return the original match dollars to the original donor(s)?"* – NeighborWorks Northeast Nebraska

COMMENT #15: *"The Application Guidelines should make clear that a donor of matching funds can be released from the agreement if the funds they contributed can be replaced by a new donor. Several potential applicants have stated that this small level of flexibility, which will have no impact on the viability of the fund, will help with the recruitment of funders. If a funder needs to retrieve their money from the fund, and a dollar-for-dollar replacement has been found, the original funder should be allowed to step away."* – Nebraska Housing Developers Association

COMMENT #16: *"The Application Guidelines should make clear that a donor of matching funds can be released from the agreement if the funds they contributed can be replaced by a new donor. Several potential applicants have stated that this small level of flexibility, which will have no impact on the viability of the fund, will help with the recruitment of funders. If a funder needs to retrieve their money from the fund, and a dollar-for-dollar replacement has been found, the original funder should be allowed to step away."* – B Three G Consulting Group

NDED RESPONSE to Match Comment #10 - #16 – The intent of the Legislation is for the Rural Workforce Housing Investment Funds to perpetuate in a community or region and continue to invest in workforce housing projects. There is no provision to return the funds to the donors. The RWHF program ends on June 30, 2022 and the grantee is required to annually report on the funds through fiscal year 2021-2022. Another consideration for the grantees, donations to funds managed by a 501(c)3 non-profit may be subject to a charitable contribution federal tax deduction and returning funds may have federal tax implications.

COMMENT #17: *"We appreciate the efforts to have funds available for housing projects, however, we still feel this type of Fund is cumbersome and will be very difficult to raise the match dollars in most situations."* – NeighborWorks Northeast Nebraska

NDED RESPONSE to Match Comment #17 – The incentive to raise match funds should be based upon workforce housing need, unfilled employment opportunities, desire to grow a community, economic stability. The RWHF program is designed to be flexible and provides an opportunity to access substantial financial resources to address workforce housing needs at the local or regional level.

MAXIMUM SALES PRICE

COMMENT #1: *"On page 4 of the application indicates that public infrastructure is an eligible cost. This section also states "for owner-occupied units construction costs/sales price cannot exceed \$275,000 per unit." I would recommend you delete the wording to construction costs and just state "sales price." In a new subdivision the cost of a lot could be \$45,000 dollars but being sold for \$30,000. This loss of \$15,000 could be paid back through TIF, foundation grants, or other ways thus revolving the fund. If the final sales price is \$275,000, obviously the sales price is \$275,000 but the true cost is \$290,000."* – Metropolitan Area Planning Agency (MAPA)

COMMENT #2: *"Clarification. It is referenced a couple of times in the guidelines that the house can cost "no more than \$275,000 to construct." Does that restrict it only to construction costs of the structure or does it also include the infrastructure and lot costs? For instance if a lot costs \$40,000 is that included or separated out from the \$275,000?"* – North Platte/Lincoln County

COMMENT #3: *"We would suggest that the proposed Application Guidelines clarify that the limits of \$275,000 to construct owner-occupied housing units and \$200,000 per unit to construct rental housing units are exclusive of any costs associated with lot or land acquisition and development of infrastructure. We believe this is clearly the legislative intent from the remarks made during floor debate of the legislation."* – Nebraska Bankers Association

NDED RESPONSE to Maximum Sales Price Comments #1-3 – The cost to construct limit of \$275,000 for single family units and \$200,000 per unit for multi-family units is considered an all-in, delivered to the buyer/renter maximum limit and thereby is inclusive of land and infrastructure costs.

NON-PROFIT DEVELOPMENT ORGANIZATION QUALIFICATIONS

COMMENT #1: *"The Application Guidelines' requirements for a qualified NDO do not align with the needs to manage a successful project. Please review the documentation required of non-profit development organization to confirm that they are all relevant. For instance, an organizational succession plan may not be necessary."* – Nebraska Housing Developers Association

COMMENT #2: *"Similar to comment 1 above, already approved NDO's in Nebraska may or may not have the board of director's makeup required by the statutory language of LB 518. The guidelines seemingly do not require them to have that makeup. I would have concern the guidelines stray too far from this statutory requirement, and in turn that would create issues regarding rightful authority to obtain grants or submit applications. Applicants should be the already-in-place NDOs, but if not, they should at least be required to conform to the statute."* – Panhandle Regional Development, Inc. (PRDI)/Simmons Olsen Law Firm

NDED RESPONSE to Non-Profit Development Organization Qualifications Comment #1 – The Succession Plan requirement was included as a protection for taxpayer resources to ensure that funds would continue to be managed and invested in the event of staff turnover, etc. The Succession Plan will not be required at the time of application, but the Department will put measures in place within the grantee contract to handle such situations.

OPEN APPLICATION PERIOD

COMMENT #1: *"It is unknown how great demand will be for Rural Workforce Housing (RWH) funds at the start of the fund. Furthermore, given that this is a new concept and a program for which local institutions do not have experience applying, there are likely to be multiple errors and deficiencies in early applications."*

Given these circumstances, we suggest that the Rural Workforce Housing Fund (RWHF) have a rolling application period following the first application deadline. The Nebraska Department of Economic Development (NDED) could design this in a manner that suits their capacity, but we suggest a system more like the planning grant process and less akin to how the Nebraska Affordable Housing Trust Fund (NAHTF) applications are received. For instance, applications could be received every month following the commencement of the RWHF and awarded on a first-ready, first awarded basis until all funds are exhausted. If applications exceed available funds, NDED can still apply their scoring criteria to determine which projects will receive awards." – Nebraska Housing Developers Association

COMMENT #2: *"It is unknown how great demand will be for Rural Workforce Housing (RWH) funds at the start of the fund. Furthermore, given that this is a new concept and a program for which local institutions do not have experience applying, there are likely to be multiple errors and deficiencies in early applications. Given these circumstances, we suggest that the Rural Workforce Housing Fund (RWHF) have a rolling application period following the first application deadline. The Nebraska Department of Economic Development (NDED) could design this in a manner that suits their capacity, but we suggest a system more like the planning grant process and less akin to how the Nebraska Affordable Housing Trust Fund (NAHTF) applications are received. For instance, applications could be received every month following the commencement of the RWHF and awarded on a first-ready, first awarded basis until all funds are exhausted. If applications exceed available funds, NDED can still apply their scoring criteria to determine which projects will receive awards."* – B Three G Consulting Group

COMMENT #3: *Overall, an open application cycle that allows for applicants to apply throughout the year (i.e. first come first ready) would be a more appropriate type of cycle for this type of program. An investment fund application has more similarities with Economic Development projects, and other Department resources, and less similar with other housing programs, so should be shaped differently."* – B Three G Consulting Group

COMMENT #4: *"The utilization of an open application cycle may be more appropriate for this type of program."* – B Three G Consulting Group

COMMENT #5: *"An open cycle would be more appropriate for a program such as this."* – NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT

COMMENT #6: *"We agree and like the fact that all initial projects have the same deadline, to level the playing field for funding consideration. We would NOT agree with allowing projects to be considered on a first come, first serve basis. The unified deadline will give the state officials approving various projects an opportunity to weigh the merits of ALL projects at the same time prior in the disbursement of funds. In a perfect world it would have been nice to have had an earlier deadline due to Spring construction schedules, but with the 90 day review requirement, we agree with the unified deadline. If money remains for a second round, we would agree having a uniform deadline at that time also. The important thing is we get it right (and that trumps urgency) so then the funding grant applicants will then come forward with "good projects impacting communities".* – North Platte/Lincoln County

COMMENT #7: *"MHDF recommends that DED have a rolling application period following the first application deadline. Applications submitted and reviewed during this rolling application period should be awarded on a first-ready, first awarded basis until all funds are exhausted. If applications exceed available funds during the rolling application period, DED should apply their scoring criteria to make award determinations. This will allow for corrections and improvements to be made to Fund proposals while mitigating delays on receiving awards and deploying funds."* – MIDWEST HOUSING DEVELOPMENT FUND

COMMENT #8: *"MHDF recommends modification to the Second Round Application Cycle to institute a rolling application period as discussed in comments for Section 1.3."* – MIDWEST HOUSING DEVELOPMENT FUND

NDED RESPONSE to Open Application Period Comments #1-#8 – The Legislation requires that the Department award grants on a competitive basis. The Application Guidelines include an initial

application cycle and a second cycle. If RWHF program funds remain after these cycles, the Department may consider an open application cycle.

To clarify, NDED administered planning grants are not awarded on a rolling cycle, but rather have one or two annual application cycles depending upon availability of funds.

PROGRAM COMPLETION

COMMENT #1: *"The Application Guidelines should specify when the administration of the fund will end. The RWHF does not have a dedicated revenue source and will surely be exhausted in a relatively short time. After NDED has completed the allocation of all the RWH funds, how long will they maintain staff to administer this program? Fund applicants should have some idea of how long they will be obligated to report on reuse funds."* – Nebraska Housing Developers Association

NDED RESPONSE to Program Completion Comment #1 – The Rural Workforce Housing Program ends on June 30, 2022. Grantees will be required to report annually, and the last report will be for fiscal year 2021-2022.

PROJECT OCCUPANCY

COMMENT #1: *"The program requires the likelihood that occupancy must occur within 24 months of the "release of funds". That is a pretty ambitious time line considering the lack of housing contractors in rural areas and lack of skilled laborers. We would prefer the program to require that the proposed project must be "permitted" within 24 months from release of funds and then occupied within 24 months of being permitted."* – North Platte/Lincoln County

COMMENT #2: *"Page 3 of the proposed Application Guidelines provides that "projects receiving funding through the awarded RWHF funds must be ready for occupancy in a period of twenty-four (24) months from the date of Release of Funds." Given the sparsity of housing contractors and the shortage of skilled laborers in rural areas of our state, mandating completion of the "eligible activities" within this timeframe will deter submission of applications for otherwise worthy workforce housing projects. Nothing in LB 518 requires this type of limitation to be tied to the "completion of the project." Our reading of LB 518 Section 5(4) presents the only language referencing a twenty-four (24) month limitation time period and that reference specifically refers to failing to engage in the "initial qualified activity" within twenty-four (24) months after receiving initial grant funds. As a defined term, "qualified activities" (see LB 518, Section 3(9)) does not capture the requirements contained in the occupancy language as proposed. A more reasonable requirement would be for the proposed project to have all "permits" issued and substantial construction underway within twenty-four (24) months from the date of Release of Funds and require the project to be ready for occupancy within twelve (12) to twenty-four (24) months thereafter."* – Nebraska Bankers Association

NDED RESPONSE to Project Occupancy Comments #1-#2 – Workforce housing projects funded through the Rural Workforce Investment Funds must be reasonably ready for occupancy in 24 months. This requirement is included in the Legislation. For the greatest flexibility, the determination of the 24 month period will start with the date of the Release of Funds rather than the Notice of Award date for the grantees. Readiness is an important criteria in the application scoring process and applicants are encouraged to identify initial projects that can meet this timeline.

COMMENT #3: *"Since this is a fund for the "workforce", can retired or non-working individuals/families live in these units developed with RWHF into the project?"* – NeighborWorks Northeast Nebraska

NDED RESPONSE to Project Occupancy Comment #3 – RWHF workforce housing projects should appeal to new residents considering relocation to a rural community, meet the needs of today's working families and be targeted to the workforce. Retired or non-working individuals and families will not be restricted from occupying these units.

REGIONAL

COMMENT #1: *"As stated in the Legislation, the RWHF funds must be granted to an eligible statewide or regional non-profit development organization, but the guidelines note that a "regional" organization can simply be one with a service area of a single community. This appears to be counter to a regional approach. Please clarify in the guidelines how an individual community applicant is serving a regional approach. For example, if an individual community has a large number of employers, significant employment base, and workforce that serves a larger area than just those persons within its city limits then this approach may be reasonable, but simply needs to be further clarified within the guidelines."* – B Three G Consulting Group

COMMENT #2: *"The legislation also was clear that the organizations that receive the money should be regional organizations. In the application it states that the organizations only need to serve one community in an eligible county. Once again this will enable larger cities with local organizations that serve only one community to gain a majority of this money. The intent of the legislation was to get rural housing funds out to communities that have a need. Many of the small communities in western Nebraska haven't had a new home built in more than 20 years. They don't have the ability to work with any other program in the state due to capacity or other issues. The RWHF as legislated would allow NDO's to build a small housing development fund that could be used to build one or two homes at a time in a community that hasn't had any new construction for years. If the current application is not changed, larger communities with significant current ability to build housing will suck up all the funds and leave none for small rural communities that have no ability to build workforce housing. This is in direct opposition to Sec. 7. (2) of the legislation where it states: "The department shall use its best efforts to assure that the allocation of grant funds provides equitable access to the benefits provided by the Rural Workforce Housing Investment Act to all eligible geographical areas." The only way that all eligible geographical areas can benefit from the program is if the money is given to organizations that together cover the entire state. It seems that these DED regulations ensure that funds go to successful large cities on the I-80 corridor at the expense of small rural communities in Nebraska, the exact opposite of the intent of the legislation."* – City of Imperial

COMMENT #3: *"The definition of "Regional" as defined in the draft application, "serving at least one community in an eligible county, etc" appears to be the opposite of what the word "regional" means. It would seem a regional organization would need to serve more than 1 place in order to fit within the definition of "Regional", even if it was the "City X Area Housing Corporation". Recommendation: Accurately define "Regional".*" - SOUTH CENTRAL ECONOMIC DEVELOPMENT DISTRICT

COMMENT #4: *"Discussion: The definition of "Regional" is not consistent throughout the draft application. In several areas, the definition of "regional" is defined as "serving at least one community in an eligible county, etc". However, the explanations in Part IV, Section 1, B and C on Page 16 and 17 contradict the above definition by saying that "One eligible county is the minimum geographic service region for an*

organization”. Recommendation: Ensure all references to regional organizations reflect the same meaning.” - SOUTH CENTRAL ECONOMIC DEVELOPMENT DISTRICT

COMMENT #5: “Similarly, LB 518 is clear that a nonprofit development organization must be regional or statewide. I would refer to Sec. 3(6). That is the definition, and then that defined term is used throughout LB 518. Serving one community does not mean that the organization is a “regional” organization, even if that community is within the overwhelming majority of counties that are eligible for this funding. The guidelines should follow that requirement, and make an applicant show regional service—rather than service to only one municipality. Rural development needs to occur outside of just those communities over a 22,000-25,000 population in greater Nebraska. Similarly, rural development I think recognizes “hub” cities within rural regions, a shared economy, and the leveraging of regional efforts to improve the region as a whole. Communicates up and down the panhandle, for instance, largely improve and decline with each other. What is good for Gering/Scottsbluff is usually good for Bayard, Mitchell, Bridgeport, Kimball, etc. And vice versa.” - Panhandle Regional Development, Inc. (PRDI)/Simmons Olsen Law Firm

COMMENT #6: “MHDF recommends that DED maintain the definition of Regional as written in the draft.” – MIDWEST HOUSING DEVELOPMENT FUND

NDED RESPONSE to Regional Comments #1-#6 – While the legislation repeatedly uses the term regional, it does not define it. The Department has the discretion to develop the parameters of the program to best foster and support the development of workforce housing in rural communities. Many successful local housing development organizations exist across the state in all sizes of communities with the capacity to manage a fund and develop workforce housing. These housing developments have regional impact, by providing housing for commuting workers. The Department has defined regional as serving at least one community in an RWHF eligible county.

The Legislation limits the ability of a regional organization to apply for only one application, as well as the maximum amount of grant funds. These limits could potentially restrict the development of workforce housing in a large region. Allowing applications from various non-profit organizations within a region offers the ability for more than one grant, and more than \$1,000,000 in areas of the state.

The language in Part IV, and other areas of the application has been changed to reflect the consistent definition of region as at least one community in an RWHF eligible county.

REUSE PLAN

COMMENT #1: “The Application Guidelines should specify the reuse plan parameters. If reuse plans are uses. Alternately, if the reuse plan is not going to be used to evaluate one project over another, please specify that.” – Nebraska Housing Developers Association

COMMENT #2: “A reuse plan is unnecessary as an additional requirement for the application as the nature of the program is to reuse available resources through a loan fund. Fund management is similar to economic development and less similar with other housing programs, so therefore the guidelines should be based more on fund management.” – B Three G Consulting Group

COMMENT #3: “The application guidelines should allow for reuse of the program dollars and specify the parameters of the reuse of funds.” – Holy Name Housing

NDED RESPONSE to Reuse Plan Comments #1 - #3 –The reuse plan requirement has been removed from the Capacity section of the application. The applicant will address the reuse, repaid, or revolving funds in the Fund Investment Plan. This allows the applicants the flexibility to design their Fund Investment Plan to meet the local market demands, workforce housings needs and project designs.

COMMENT #4: *“We would ask for more in the guidelines regarding any restrictions on the re-use funds that come back to the fund. Can they be returned to the entity that provided the match? Are they intended to be perpetual funds?”* – Columbus Area Chamber of Commerce

NDED RESPONSE to Reuse Plan Comment #4 –The reuse plan requirement has been removed from the Capacity section of the application. The applicant should address the reuse, repaid, or revolving funds in the Fund Investment Plan.

COMMENT #5: *“After the first use of the funds, can they be invested into another project as a grant, deferred loan or performing loan?”* – NeighborWorks Northeast Nebraska

NDED RESPONSE to Reuse Plan Comment #5 – The intent of the Rural Workforce Housing Fund is to revolve and continue to finance workforce housing projects. Grants, deferred loans and performing loans are eligible uses of RWHF and should be included in the Fund Investment Plan.

TIMING OF APPLICATION GUIDELINES

COMMENT #1: *“The Nebraska Rural Workforce Housing Investment Act was approved by the Governor on April 27, 2017, but draft guidelines were not completed for public review until November 28, 2017 (7 months later). It is understandable that the Department is busy with a number of assignments, but taking 7 months to draft guidelines for such an important issue, and then promised the guidelines month after month does not provide the quality customer service that is needed by the Department. There are a number of customers that want to access resources from the Department, but need the necessary application guidelines to do so. Please provide customers information they need to move forward on projects and programs.”* – B Three G Consulting Group

COMMENT #2: *“The guidelines draft note that the final application guidelines will not be available until January, but the full applications are due March 30th, 2018. Because the application guidelines needed to be provided earlier, but were instead provided in December, it is necessary to ensure that application guidelines are streamlined, simplified, and customer friendly.”* – B Three G Consulting Group

NDED RESPONSE to Timing of Application Guidelines Comment #1-#2 – The Act was approved by the Governor on April 27, 2017, however the Act went into effect on August 26, 2017 and the transfer of funds took place on September 29, 2017. Following the passage of the bill, NDED staff spent time meeting and discussing the new program with stakeholders, potential applicants and housing partners to gather informal feedback on potential program design and potential projects across the state in order to protect taxpayer resources.

Feedback from early potential RWHF applicants indicated a desire for a 90 application cycle which was incorporated into the Application Guidelines. The recent public comments NDED received on the RWHF assisted NDED in streamlining and simplifying the RWHF Application Guidelines, making them more customer friendly.